

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-690

October 14, 1999

FAIRPOINT COMMUNICATIONS CORP.
D/B/A FAIRPOINT COMMUNICATIONS
Request for Authority to Mortgage Property

ORDER AUTHORIZING
MORTGAGING OF
PROPERTY

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

In this Order we grant the request of Fairpoint Communications Corp. (Fairpoint or the Company) to mortgage its property in order to provide security for its borrowing which is described in a confidential Term Sheet submitted under Protective Order. Fairpoint submitted its request on September 28, 1999, and on October 6, 1999, a Protective Order was issued designating the Term Sheet as confidential business information. The confidential Term Sheet was submitted on October 6, 1999.

Fairpoint is a public utility authorized to provide telecommunications services in Maine as a competitive local exchange carrier and as an interexchange reseller. The Company is incorporated in Delaware, and thus, is exempt from the financing approval requirements contained in 35-A M.R.S.A. § 902. The Company is in the process of completing a borrowing arrangement in which the lender requires security for the provision of the loan. 35-A M.R.S.A. § 1101 does not contain an exemption for out-of-state utilities. Therefore, Fairpoint must obtain approval for the mortgaging of property that the Company asserts is necessary for the performance of its duties to the public.

Because Fairpoint will operate as a competitive provider of telecommunications services in both the local and interexchange markets, we have less concern about the way it arranges its finances and conducts its business, so long as it complies with all applicable statutes and regulations. Therefore, we will grant Fairpoint's request to mortgage its public utility property as part of its proposed financing arrangement. We will not require Fairpoint to provide any further reports to the Commission regarding this finance and mortgage deal.

Therefore, we

O R D E R

1. That Fairpoint Communications Corp. is authorized to provide a mortgage on its public utility property in order to provide security for financing described in its Term Sheet provided under Protective Order on October 6, 1999.
2. That a copy of this Order be provided to Fairpoint Communications Corp., and this docket be closed.

Dated at Augusta, Maine, this 14th day of October, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond